

In Re the Arbitration between

CEO #291/Sector 2

Employer,

Interest Arbitration

and

PPME #2003, Roads,

Union.

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Pursuant to Iowa Statutes Title 1, Subtitle 8, Chapter 20 Employment Relations (Collective Bargaining), the above matter has been submitted to arbitration.

James A. Lundberg was selected by the parties as the neutral arbitrator from the Iowa Public Employment Relations Board Roster of Arbitrators.

A hearing was conducted on June 2, 2004 at 9:30 AM at the Grundy County Secondary Road Center in Grundy Center, Iowa.

The parties waived mediation and fact finding and entered into an independent impasse agreement.

**APPEARANCES:**

**FOR THE EMPLOYER**  
**Renee Von Bokern**  
**2771 - 104<sup>th</sup>, Suite H**  
**Des Moines, Iowa 50322**

**FOR THE UNION:**  
**Mike Scarrow**  
**1911 South Carolina**  
**Mason City, Iowa 50401**

The following two issues have been submitted to the arbitrator for resolution:

**ISSUE #1 -- Article XIII, Insurance -- amount the employer should pay toward dependent coverage.**

**ISSUE #2 -- Appendix A -- Wages.**

## **UNION POSITION:**

### *Article XIII, Insurance –*

*The union proposes no change to the existing contract provision under which the employer pays the full cost of both single premium medical, hospitalization and major medical coverage and the full cost of all dependent medical, hospitalization and major medical coverage.*

### *Appendix A – Wages*

*The Union proposes an increase of wage rates by 2.5% per hour.*

## **ARGUMENT:**

The union argues that wages and medical insurance premiums are the primary factors that impact an employee's "spendable earnings". If medical insurance premiums increase faster than wages increase, employees "spendable earnings" will fall. The Union wage and insurance proposal is designed to allow the "spendable earnings" of the bargaining unit to keep pace with "spendable earnings" of employees in the surrounding counties.

The union submits data from two groups of counties that it considers to be appropriate comparison groups. The primary comparison group consists of the six contiguous counties that surround Grundy County: Blackhawk, Butler, Franklin, Hardin, Marshall and Tama. The second comparison group consists of the six contiguous counties and eleven counties that form a second ring around Grundy County. The additional counties included in the second comparison group are: Benton, Bremer, Buchanan, Cerro Gordo, Chickasaw, Floyd, Hamilton, Jasper, Poweshiek, Story, and Wright.

The average employee health contribution for the six contiguous counties is twenty eight dollars and forty two cents (\$28.42).

The average employee health contribution for the surrounding two tier comparison group is one hundred twenty nine dollars and seven cents (\$129.07).

The average wage for Grundy County road employees at labor grade #2 – Patrol Operator is \$14.58 or \$.69 per hour behind the average hourly rate for Patrol Operator among the six contiguous counties. Within the second comparison group wages for Patrol Operator are \$.87 behind the average hourly rate.

Within both comparison groups Grundy County road employees have a lower than average premium contribution for dependent insurance coverage and a lower average hourly wage for Patrol Operator.

The union combines the cost of family health coverage with wages to arrive at spendable employee earnings. The spendable hourly earnings for Grundy County Patrol Operator is currently \$14.58 per hour. The average “spendable earnings” among contiguous counties is \$15.11. The average “spendable earnings” for Grundy County Patrol Operator is \$.53 per hour less than the spendable income among similar road employees in contiguous counties. An expanded comparison that includes two tiers of surrounding counties shows Grundy County Patrol Operators receiving \$.12 less than the average Patrol Operators among the two tier comparison group. The employer’s proposal will result in the bargaining unit receiving \$.50 per hour less in “spendable earnings” when compared with employees in contiguous counties and \$.09 per hour in “spendable earnings” behind the two tiered comparison group.

The union's proposed wage and insurance package results in Grundy County Patrol Operators receiving \$.17 less than the average Patrol Operator in contiguous counties but provides Grundy County Patrol Operators with \$.24 per hour more "spendable earnings" than Patrol Operators within the two tiered comparison group.

The union's proposed wage and insurance package is a much smaller increase than the average total package increases obtained in surrounding counties. The comparisons made by the union do not include increases that will be received in surrounding counties beginning July 1, 2004. When considering increases that will become a part of wage increases within the two tiers of surrounding counties due July 1, 2004, Grundy County Patrol Operators will have \$.18 per hour of "spendable earnings" less than the average Patrol Operator within the two tier comparison group. The union's proposal will not move employee "spendable earnings" to the average but it will close the gap in "spendable earnings" between Grundy County employees and the two tiers of surrounding counties.

**EMPLOYER POSITION:**

***Article XIII, Insurance –***

***The employer agrees to pay the full cost of the single premium for medical, hospitalization and major medical insurance coverage under its current group policy including levels of benefits, co-pays, etc. as were in effect on January, 2004. If an employee wishes to cover his/her eligible dependents, he/she may do so by paying \$50.00 toward the cost of dependent coverage. [Rest of Article as is]***

***Appendix A – Wages.***

***Increase wage rates by 2.25%.***

**ARGUMENT:**

The employer offers a different group of comparable counties. They offer all contiguous counties except Black Hawk County, which has a population ten times the size of Grundy County and Marshall County, which has more than three times the population of Grundy County. The employer proposes the nearby but not contiguous counties of Hamilton, Floyd and Chicasaw as additional counties for comparison based upon the county population and the rural-agricultural economies of the counties.

Within the comparison group proposed by the employer, Grundy County ranks 3<sup>rd</sup> in wages. Regardless of whether the wage proposal of the employer or the union is adopted, the county wages for Patrol Operator will continue to rank third within the comparison group.

The employer agrees with the union that wages must be analyzed in conjunction with the employee's contribution to health insurance premiums. However, the employer contends that the analysis must also include a review of the level of benefits provided. Hence, deductibles and out of pocket maximums are also part of the analysis.

The average contribution to health insurance premiums within the comparison group is \$112.88. Also, benefit changes, changes in deductibles and changes in out of pocket maximums are part of every other counties current experience with health benefits. Grundy County simply cannot continue to provide the same health insurance benefits without some employee contribution. The other counties that have continued to pay the entire premium for family coverage have made changes in their health care plans, including increased deductibles, increased out of pocket maximums and increased co-

pays. Comparisons made to counties with similar characteristics support the employer's argument that a \$50.00 payment toward the cost of dependent coverage is appropriate.

Grundy County's base hourly rate for Patrol Operator was at the top of the comparison group and will continue to be at the top of the comparison group using either the employer's wage and insurance proposal or the union's wage and insurance proposal. While the 2004 wage ranking drops relative to Floyd and Hamilton counties, the wages adjusted after taking employee contributions to premiums into account (what the union called spendable earnings) remains at the top of the comparison group under both the union's proposal and the employer's proposal.

The comparison data supports the employer's proposed compensation package. A \$50.00 contribution to dependent coverage premiums with no benefit changes combined with either wage proposal will maintain Grundy County's superior ranking relative to comparable surrounding counties. All of the comparison counties except Chicasaw will experience increases in deductibles and out of pocket maximums as their insurance programs are renewed.

The cost increase of insurance premiums will be \$141.00 (an increase of 18.7%) of which \$91.00 will be paid by the county and employees will pay \$50.00. The cap of \$50.00 on employee contributions means that the County will be obligated to pay 100% of the anticipated increase effective 12/01/2004.

The employer submits that its wage and insurance proposal will maintain the county's top position within the appropriate comparison group and will give the employer the ability to meet the overwhelming increases in insurance premiums in the same fashion that other counties have addressed the problem.

**OPINION:**

The Iowa Public Employment Relations Statute, Iowa Code Chapter 20 at Section 20.22 paragraph 9 directs the following:

9. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

In presenting their arguments the parties indicated that the proposals before the arbitrator are generally consistent with the bargaining history of the parties. Neither party argued that the proposals would have a detrimental impact upon the public nor would the proposals have a detrimental impact upon the normal standard of service within the county. The employer through its power to levy taxes has the ability to fund either proposal. Thus, the only factor that the arbitrator is required by statute to consider over which the parties have a genuine dispute is **Iowa Code Section 20.22 paragraph 9, B.**

“Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.”

The comparison group submitted by the employer is relied upon in this arbitration because it reflects the statutory requirements of comparison groups. The factors peculiar to the comparison counties are a rural character and a small population. Including Black Hawk and Marshall Counties in the comparison group will skew the wage and benefit data because the populations of the two counties are much greater than Grundy County.

Within the comparison group Grundy County employees have a history of leading in wages and what the union calls “spendable earnings”. The wage data submitted by the union and employer is not directly comparable, because of a mandatory overtime provision that was not made a part of the union’s figures. Also, there are several other counties within the comparison group that have mandatory overtime provisions that are not reflected in the comparison data. The data clearly reflects a pattern of wage increases within the comparison group that is greater than the wage proposal of either party. The employer’s wage comparison shows a 2.9% average wage increase within the comparison group.

Grundy County employees have not been required to pay any portion of dependent insurance coverage. In response to soaring insurance costs, public employers have generally been limiting the amount that they will pay toward employee and/or employee dependent insurance premiums. Grundy County believes that its employees should bear some of the cost of escalating insurance premiums. The employer



demonstrated that most comparable counties do require employees to pay some portion of dependent insurance premiums.

The parties agree that the arbitrator should consider the impact of insurance premium costs upon "spendable earnings". An appropriate award will allow the Grundy County employees to maintain their relative ranking of "spendable earnings" within the comparison group.

The employer's position on insurance dependent coverage should be adopted based upon the comparisons made with counties in the region with similar populations. .

The wage proposals made by both parties are very close. The arbitrator notes that the wage comparisons made by the employer include a calculation for mandatory overtime. Some of the counties that form the comparison group also have mandatory overtime provisions but the comparison figures do not reflect the overtime provisions in the comparison counties. Since both wage proposals will maintain the bargaining unit's relative ranking in the category of "spendable earnings" but the employer's comparisons understate by a small amount the average hourly wage of workers in some of the comparison group, the arbitrator believes that the union's slightly higher wage proposal should be adopted.

**AWARD:**

*The arbitrator makes the following award:*

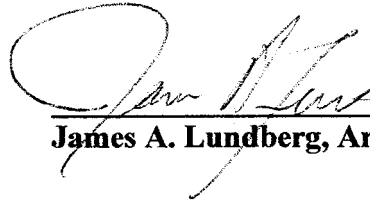
*ISSUE #1 – Article XIII, Insurance – amount the employer should pay toward dependent coverage.*

*The employer agrees to pay the full cost of the single premium for medical, hospitalization and major medical insurance coverage under its current group policy including levels of benefits, co-pays, etc. as were in effect on January, 2004. If an employee wishes to cover his/her eligible dependents, he/she may do so by paying \$50.00 toward the cost of dependent coverage. [Rest of Article as is]*

*ISSUE #2 – Appendix A – Wages.*

*Increase wage rates by 2.5%.*

**Dated: June 7, 2004**

  
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**James A. Lundberg, Arbitrator**

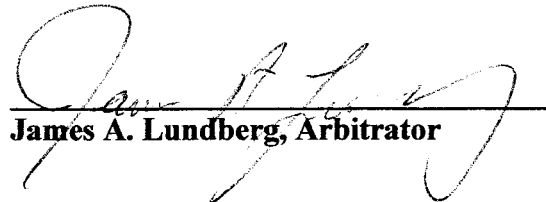
**CERTIFICATE OF SERVICE**

I certify that on the 8<sup>th</sup> day of June, 2004, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

**Renee Von Bokern  
2771 – 104<sup>th</sup> , Suite H  
Des Moines, Iowa 50322**

**Mike Scarrow  
1911 South Carolina  
Mason City, Iowa 50401**

I further certify that on the 8<sup>th</sup> day of June, 2004, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

  
**James A. Lundberg, Arbitrator**

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